



# U.S.-KOREA TRADE AGREEMENT

## Nevada Farmers Will Benefit

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December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Nevada agricultural products, including beef, dairy, and vegetables. Nevada's agricultural exports to all countries, estimated at \$72 million in 2009, supported roughly 820 jobs, on and off the farm. These export sales make an important contribution to the Nevada farm economy, which had total cash receipts of \$533 million in 2009.

**Cattle and Beef.** As the state's top source of farm cash receipts with earnings of \$192 million in 2009, cattle and beef represented 36 percent of the state's farm cash receipts. Under the KORUS agreement:

- For beef muscle meats, the KORUS agreement provides a 15-year straight-line tariff phase out of the 40 percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the KORUS agreement provides a 15-year straight-line phase out of the 18 percent tariff reaching duty-free access in Year 15.

**Dairy Products.** The dairy industry provides Nevada's third largest source of farm cash receipts with earnings of \$69 million in 2009. Under the KORUS agreement:

- Duty-free tariff-rate quotas (TRQ) will be established for cheese, skim/whole milk powder, food whey, and butter.
- U.S. feed whey exports, which totaled \$8 million in 2009, will gain duty-free access to the Korean market immediately upon implementation.

**Vegetables and Vegetable Products.** Nevada farm cash receipts for potato sales totaled \$16 million in 2009. The state's fresh and processed vegetable exports were estimated at \$15 million in 2009. The KORUS agreement will provide many benefits to the vegetable industry.

- Tariffs on frozen potato fries and chipping potatoes (during the U.S. potato shipping season) will be eliminated immediately.
- A new 3,000-ton duty-free TRQ for fresh potatoes and a new 5,000-ton duty-free TRQ for dehydrated potatoes will bring opportunities for growers.

<b>Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)</b>		
<b>Product</b>	<b>U.S. to World</b>	<b>Nevada to World</b>
<b>Cattle and Beef</b>	\$6,703,000,000	\$1,000,000
<b>Dairy Products</b>	\$2,335,000,000	\$438,000
<b>Vegetables and Vegetable Products</b>	\$5,279,000,000	\$15,000,000
<b>Agricultural Total</b>	\$96,632,000,000	\$72,000,000

*Compiled by ERS using data from Census Bureau, Commerce and NASS.*

*Note:* All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).